

ORIGINAL

OPEN MEETING

MEMORANDUM



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Arizona Corporation Commission

TO: THE COMMISSION **DOCKETED**

2012 MAY -8 P 3:57

FROM: Utilities Division

MAY 08 2012

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: May 8, 2012

DOCKETED BY

LSM

RE: MOHAVE ELECTRIC COOPERATIVE, INC. - APPLICATION TO EXPEND
ADDITIONAL RENEWABLE ENERGY STANDARD AND TARIFF FUNDS ON
MODIFIED RESIDENTIAL AND COMMERCIAL INCENTIVES (DOCKET NO.
E-01750A-12-0161)

On May 4, 2012, Mohave Electric Cooperative, Inc. ("MEC") filed an application to shift some of its approved Renewable Energy Standard and Tariff ("REST") funds and reduce its incentive levels.

The Commission approved Mohave's 2012 REST Plan in Decision No. 72802 (February 2, 2012), which included \$777,177 of funds for residential and commercial incentives for photovoltaic ("PV") and wind systems. Because the 2011 REST Plan had been sufficient to meet the incentives requested by applications in 2011, no changes to the incentive levels were requested for 2012. However, in April 2012, there was an unusual increase in applications, depleting the budgeted \$777,177. Four customers have been placed on a waiting list.

Currently, MEC pays \$2.00 per Watt up to 40 percent of the total system cost for residential PV and wind systems up to 5 kW and small commercial PV and wind systems up to 10 kW. For larger systems, up to 50 kW, MEC pays \$1.50 per Watt up to 40 percent of the total system cost. There is a dollar cap of \$30,000 for systems installed at a single residence and \$50,000 at a commercial location. Also, the combined generation capacity at the location is limited to a maximum of 125 percent of the total connected load at the location and one installation per service entrance.

MEC proposes to reduce the incentive for both residential and commercial customers to \$0.50 per Watt for all system sizes. This amount would match the current incentive level of MEC's neighboring utility, UNS Electric. The incentive would remain capped at 40 percent of the total system cost, but the dollar caps would be reduced to \$25,000 for both residential and commercial systems.

MEC continues to explore development of a renewable energy project up to 5 MW within its service territory. The project could be either developer-based or MEC's own development, but it has not yet been developed. Therefore, MEC proposes to shift \$250,000 from its "5 MW Distributed Generation-Solar" budget category to the Residential and Commercial Incentives program. The MEC's budget would be modified as shown in the following table.

Mohave 2012 REST Budget

Categories	Approved in Decision No. 72802	Proposed
Residential and Commercial Incentives	\$777,177	\$1,027,177
5 MW Distributed Generation-Solar	\$548,884	\$298,884
PV for Schools Loan Repayment	\$107,689	\$107,689
GO SOLAR Website	\$1,744	\$1,744
Solar Water Heating	\$18,000	\$18,000
Geothermal Resources-Willcox Greenhouse	\$29,544	\$29,544
Administration and Advertising	\$244,000	\$244,000
Habitat for Humanity	\$25,000	\$25,000
Fire Department Complex	\$50,000	\$50,000
Other Programs	\$25,000	\$25,000
Total Expenditures	\$1,827,038	\$1,827,038

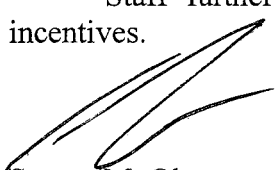
MEC intends to provide customers on its waiting list first opportunity to apply for the increased funding at the modified incentive level. Alternatively, the customer can choose to remain on the waiting list to receive funding at the prior incentive level if a portion of the reserved funds become available for that purpose. However, Staff recommends that customers on the waiting list receive the modified incentives.

Recommendations

Staff recommends approval of MEC's request to shift \$250,000 of funds from the 5 MW Distributed Generation-Solar budget category to the Residential and Commercial Incentives budget category.

Staff also recommends that the incentive for residential and commercial PV and wind systems be reduced to \$0.50 per Watt for all system sizes, that the incentive remain capped at 40 percent of the total system cost, and that the dollar caps be reduced to \$25,000 for both residential and commercial systems.

Staff further recommends that customers on the waiting list receive the modified incentives.



Steven M. Olea
Director
Utilities Division

SMO:BEK:lhv\SH

ORIGINATOR: Barbara Keene

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 GARY PIERCE

Chairman

3 BOB STUMP

Commissioner

4 SANDRA D. KENNEDY

Commissioner

5 PAUL NEWMAN

Commissioner

6 BRENDA BURNS

Commissioner

7
8 IN THE MATTER OF THE APPLICATION
9 OF MOHAVE ELECTRIC COOPERATIVE,
10 INC. TO EXPEND ADDITIONAL
11 RENEWABLE ENERGY STANDARD AND
12 TARIFF FUNDS ON MODIFIED
13 RESIDENTIAL AND COMMERCIAL
14 INCENTIVES

DOCKET NO. E-01750A-12-0161

DECISION NO. _____

ORDER

14 Open Meeting
15 May 22 and 23, 2012
16 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. Mohave Electric Cooperative, Inc. ("MEC") is certificated to provide electric
19 service as a public service corporation in the State of Arizona.

20 2. On May 4, 2012, MEC filed an application to shift some of its approved Renewable
21 Energy Standard and Tariff ("REST") funds and reduce its incentive levels.

22 3. The Commission approved Mohave's 2012 REST Plan in Decision No. 72802
23 (February 2, 2012), which included \$777,177 of funds for residential and commercial incentives
24 for photovoltaic ("PV") and wind systems. Because the 2011 REST Plan had been sufficient to
25 meet the incentives requested by applications in 2011, no changes to the incentive levels were
26 requested for 2012. However, in April 2012, there was an unusual increase in applications,
27 depleting the budgeted \$777,177. Four customers have been placed on a waiting list.

28 ...

4. Currently, MEC pays \$2.00 per Watt up to 40 percent of the total system cost for residential PV and wind systems up to 5 kW and small commercial PV and wind systems up to 10 kW. For larger systems, up to 50 kW, MEC pays \$1.50 per Watt up to 40 percent of the total system cost. There is a dollar cap of \$30,000 for systems installed at a single residence and \$50,000 at a commercial location. Also, the combined generation capacity at the location is limited to a maximum of 125 percent of the total connected load at the location and one installation per service entrance.

5. MEC proposes to reduce the incentive for both residential and commercial customers to \$0.50 per Watt for all system sizes. This amount would match the current incentive level of MEC's neighboring utility, UNS Electric. The incentive would remain capped at 40 percent of the total system cost, but the dollar caps would be reduced to \$25,000 for both residential and commercial systems.

6. MEC continues to explore development of a renewable energy project up to 5 MW within its service territory. The project could be either developer-based or MEC's own development, but it has not yet been developed. Therefore, MEC proposes to shift \$250,000 from its "5 MW Distributed Generation-Solar" budget category to the Residential and Commercial Incentives program. The MEC's budget would be modified as shown in the following table.

Mohave 2012 REST Budget

Categories	Approved in Decision No. 72802	Proposed
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Habitat for Humanity	\$25,000	\$25,000
Fire Department Complex	\$50,000	\$50,000
Other Programs	\$25,000	\$25,000
Total Expenditures	\$1,827,038	\$1,827,038

1 7. MEC intends to provide customers on its waiting list first opportunity to apply for
2 the increased funding at the modified incentive level. Alternatively, the customer can choose to
3 remain on the waiting list to receive funding at the prior incentive level if a portion of the reserved
4 funds become available for that purpose. However, Staff has recommended that customers on the
5 waiting list receive the modified incentives.

6 **Recommendations**

7 8. Staff has recommended approval of MEC's request to shift \$250,000 of funds from
8 the 5 MW Distributed Generation-Solar budget category to the Residential and Commercial
9 Incentives budget category.

10 9. Staff has also recommended that the incentive for residential and commercial PV
11 and wind systems be reduced to \$0.50 per Watt for all system sizes, that the incentive remain
12 capped at 40 percent of the total system cost, and that the dollar caps be reduced to \$25,000 for
13 both residential and commercial systems.

14 10. Staff has also recommended that customers on the waiting list receive the modified
15 incentives.

16 **CONCLUSIONS OF LAW**

17 1. Mohave Electric Cooperative, Inc. is an Arizona public service corporation within
18 the meaning of Article XV, Section 2, of the Arizona constitution.

19 2. The Commission has jurisdiction over Mohave Electric Cooperative, Inc. and over
20 the subject matter of the application.

21 3. The Commission, having reviewed Mohave Electric Cooperative, Inc.'s application
22 and Staff's Memorandum dated May 8, 2012, concludes that it is in the public interest to approve
23 Mohave Electric Cooperative, Inc.'s application, as discussed herein.

24 **ORDER**

25 IT IS THEREFORE ORDERED that Mohave Electric Cooperative Inc.'s request to shift
26 \$250,000 of funds from the 5 MW Distributed Generation-Solar budget category to the Residential
27 and Commercial Incentives budget category is hereby approved.

28 ...

1 IT IS FURTHER ORDERED that the incentive for residential and commercial PV and
2 wind systems shall be reduced to \$0.50 per Watt for all system sizes, the incentive shall remain
3 capped at 40 percent of the total system cost, and the dollar caps shall be reduced to \$25,000 for
4 both residential and commercial systems.

5 IT IS FURTHER ORDERED that customers on the waiting list and any subsequent
6 customers shall receive the modified incentives.

7 IT IS FURTHER ORDERED that this Order shall become effective immediately.

8
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

10
11 _____
CHAIRMAN

COMMISSIONER

12
13
14 _____
COMMISSIONER

COMMISSIONER

COMMISSIONER

15
16 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
17 Executive Director of the Arizona Corporation Commission,
18 have hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of Phoenix,
this _____ day of _____, 2012.

19
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21 _____
ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

22
23 DISSENT: _____

24
25 DISSENT: _____

26 SMO:BEK:lh\SH
27
28

Decision No. _____

1 SERVICE LIST FOR: Mohave Electric Cooperative, Inc.
2 DOCKET NO. E-01750A-12-0161

3 Ms. Melissa A. Parham
4 Mr. Michael A. Curtis
5 Mr. William P. Sullivan
6 Curtis, Goodwin, Sullivan,
7 Udall & Schwab, P.L.C.
8 501 East Thomas Road
9 Phoenix, Arizona 85012-3205

10 Mr. Steven M. Olea
11 Director, Utilities Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 Ms. Janice M. Alward
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007
20
21
22
23
24
25
26
27
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